

CITY OF MUKILTEO
Snohomish County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. City Officials Should Not Grant Extra Compensation After Services Have Been Rendered

Our review of the city's ordinances disclosed the city council authorized extra compensation after services had been rendered which we believe is contrary to provisions of the Washington State Constitution. On September 30th, 1996, the city council passed Ordinance 895 providing one-time, lump-sum payments of \$2,000 each to certain managers who were employed full-time with the city from August 1, 1995, up to and including October 31, 1996. The ordinance also provided a payment of \$12,000 to the city administrator.

The Washington State Constitution, Article II, Section 25 states in part that:

The legislature shall never grant any extra compensation to any public officer, agent, employee, servant, or contractor, after the services shall have been rendered

Officials provided the additional compensation to encourage the managers continued employment with the city.

Awarding additional compensation for services already rendered results in the unnecessary and improper use of public funds. The city spent more than \$30,000, which we believe was inappropriate, by granting extra compensation to city employees after services had been rendered.

We recommend city officials adhere to the constitutional prohibition of granting extra compensation after services have been rendered.

Auditee's Response

Thank you for the opportunity to respond to your finding. Prior to authorizing the one-time payments to certain management employees, we consulted with legal counsel and reviewed guidelines prepared by the Municipal Research and Services Center of Washington. Literally interpreted, we believe the payments comply with constitutional provisions. In retrospect, the terms of the enabling ordinance could have been improved to provide more substantial consistency with constitutional requirements. In the future, we will carefully review all compensation agreements for clear and substantial compliance with constitutional provisions and eliminate areas of concern.

Auditor's Concluding Remarks

We would like to thank the city's management for their response to our report finding. Based upon the response, we feel that the issue delineated in our report is being addressed. We will review this area in our subsequent audit.

We would also like to take this opportunity to express our appreciation for the assistance and cooperation we received throughout the audit.